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CREDIT OPINION
8 June 2022

Update

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RATINGS

The Co-operative Bank Holdings Limited

Domicile	Manchester, United Kingdom
Long Term CRR	Not Assigned
Long Term Issuer Rating	Not Available
Type	Not Available
Outlook	Not Available

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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The Co-operative Bank Holdings Limited

Update following upgrade of deposit ratings of The Co-operative Bank Plc to Ba2

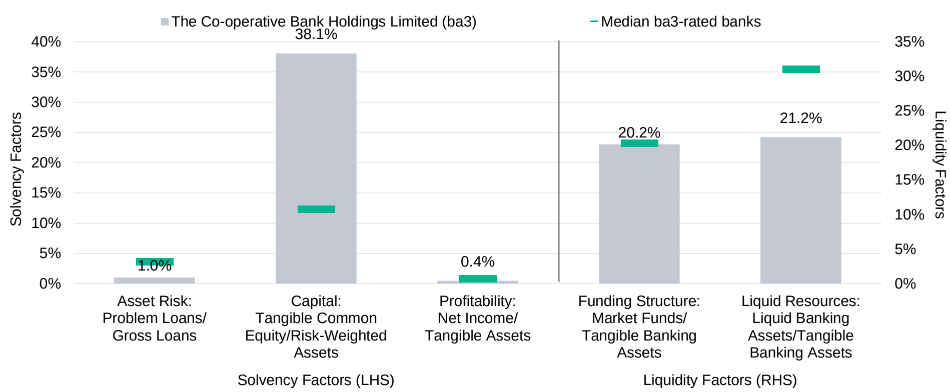
Summary

The Ba2 long-term deposit ratings of The Co-operative Bank plc (The Co-operative Bank), the operating company of The Co-operative Bank Holdings Limited (The Co-operative Bank Holdings), reflect the bank's standalone creditworthiness, expressed in its ba3 standalone Baseline Credit Assessment (BCA); the low loss given failure of the bank's deposits, which results in a one-notch uplift; and our assessment of a low probability of support from the Government of the United Kingdom (Aa3 stable), which does not lead to any uplift. The Co-operative Bank's ba3 BCA reflects the bank's improving profitability, supported by rising interest rates and robust volumes, which is a sign of progress towards a sustainable capital generative business model. Nevertheless, the bank still suffers from weak efficiency and susceptibility to capital erosion in a stress due to still weak core profitability.

The B1 senior unsecured debt rating of The Co-operative Bank Finance p.l.c. (The Co-operative Bank Finance) — the intermediate holding company of The Co-operative Bank — reflects a moderate loss given failure, and our assumption of a low probability of government support, which do not provide any uplift.

Exhibit 1

Rating Scorecard - Key financial ratios



We assign a BCA to The Co-operative Bank based on the consolidated financials of The Co-operative Bank Holdings. The chart shows the financial ratios of The Co-operative Bank Holdings.
Source: Moody's Investors Service

Credit strengths

» Low stock of problem loans

» Stable retail funding

» Ample liquidity

Credit challenges

» Weak efficiency

» High susceptibility of capital to stress

» Limited market access

» Largely monoline business

Outlook

The outlooks on The Co-operative Bank Finance’s senior unsecured debt rating and The Co-operative Bank’s long-term deposit ratings are stable.

Factors that could lead to an upgrade

The Co-operative Bank's BCA could be upgraded following a stronger than expected improvement in profitability, leading to durable and sustainable internal capital generation through earnings. An upgrade of the BCA would lead to an upgrade of the long-term deposit ratings of The Co-operative Bank and the senior unsecured debt rating for The Co-operative Bank Finance.

The Co-operative Bank Finance's senior unsecured debt rating and The Co-operative Bank's long-term deposit ratings could also be upgraded following a material increase in the stock of bail-in-able liabilities issued by The Co-operative Bank Finance or by The Co-operative Bank.

Factors that could lead to a downgrade

The Co-operative Bank's BCA could be downgraded following evidence that the bank will not return to a sustainable level of net profitability beyond 2022 or if asset risk began to show strong signs of weakness. A downgrade of The Co-operative Bank's BCA would lead to a downgrade of all long-term ratings of The Co-operative Bank and The Co-operative Bank Finance.

Key indicators

Exhibit 2

The Co-operative Bank Holdings Limited (Consolidated Financials) [1]

	12-21[2]	12-20[2]	12-19[2]	12-18[2]	12-17[2]	CAGR/Avg.[3]
Total Assets (GBP Billion)	29.3	25.6	23.4	23.1	24.5	4.6[4]
Total Assets (USD Billion)	39.6	35.0	31.0	29.4	33.1	4.5[4]
Tangible Common Equity (GBP Billion)	1.7	1.4	1.5	1.6	1.4	5.0[4]
Tangible Common Equity (USD Billion)	2.2	1.9	2.0	2.1	1.9	5.0[4]
Problem Loans / Gross Loans (%)	0.7	0.9	1.4	2.8	2.4	1.6[5]
Tangible Common Equity / Risk Weighted Assets (%)	38.1	29.5	31.7	32.5	26.9	31.8[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	8.7	11.2	16.6	29.0	27.4	18.6[5]
Net Interest Margin (%)	1.2	1.1	1.4	1.5	1.1	1.3[5]
PPI / Average RWA (%)	0.2	-1.4	-1.8	-1.9	5.2	0.1[6]
Net Income / Tangible Assets (%)	0.4	0.6	0.3	0.0	1.0	0.4[5]
Cost / Income Ratio (%)	97.2	122.0	122.9	126.5	66.0	106.9[5]
Market Funds / Tangible Banking Assets (%)	20.2	11.4	8.7	8.7	8.5	11.5[5]
Liquid Banking Assets / Tangible Banking Assets (%)	21.2	21.5	17.7	18.2	28.4	21.4[5]
Gross Loans / Due to Customers (%)	98.9	91.3	93.7	94.1	81.5	91.9[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

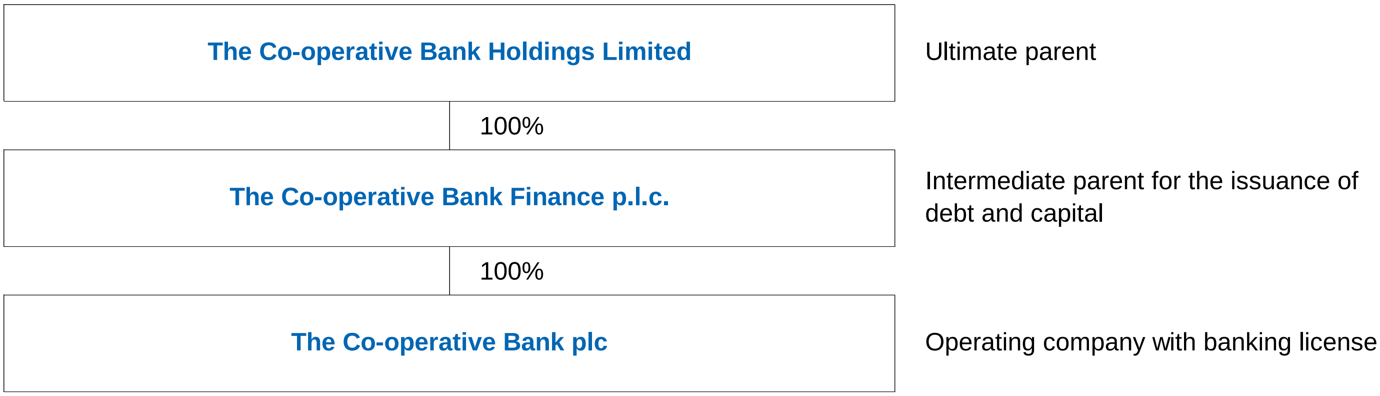
The Co-operative Bank plc (The Co-operative Bank) is a UK-based commercial bank that provides banking and related financial products and services to retail and corporate customers only in the UK. Most of its assets are residential mortgages, but the bank also provides loans to small and medium-sized companies, credit cards and consumer loans. Most of The Co-operative Bank's funding comes from its retail clients via current accounts and savings accounts. As of March 2022, The Co-operative Bank had total consolidated assets of £29.1 billion.

The Co-operative Bank was established in 1872 as the Loan and Deposit Department of the Co-operative Wholesale Society. In January 2009, the bank merged with Britannia Building Society, the second-largest building society in the UK at the time.

In 2013 and 2017, The Co-operative Bank underwent two liability management exercises, which led to a substantially higher Common Equity Tier 1 capital ratio and the creation of a new holding company, The Co-operative Bank Holdings Limited (The Co-operative Bank Holdings). The bank is privately held, with the largest shareholders of the holding company now being private equity firms and hedge funds. The main shareholder before the first liability management exercise in 2013, The Co-operative Group, no longer has a stake in The Co-operative Bank or in The Co-operative Bank Holdings.

The Co-operative Bank issues debt compliant with its minimum requirement for own funds and eligible liabilities (MREL) out of an intermediate holding, The Co-operative Bank Finance p.l.c. (The Co-operative Bank Finance), which sits between The Co-operative Bank Holdings and The Co-operative Bank. To date, the intermediate holding company has issued a £200 million Tier 2 bond in April 2019, £200 million senior unsecured bond in November 2020 and a £250 million senior unsecured bond in April 2022.

Exhibit 3
The group's organisational structure



Source: Company reports

Detailed credit considerations

We assign a ba3 BCA to The Co-operative Bank based on the consolidated financials of The Co-operative Bank Holdings. The financial data in the following sections is sourced from The Co-operative Bank Holdings' consolidated financial statements, unless otherwise stated.

Low stock of problem loans

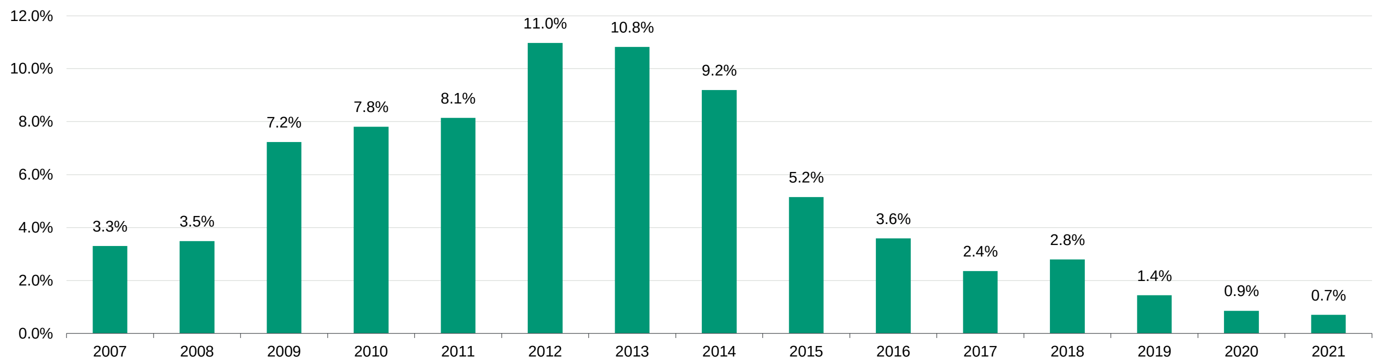
We assign an Asset Risk score of a3, three notches below the aa3 Macro-Adjusted score, to reflect the downside risk of a potential increase in problem loans in the next two years and the risks entailed in executing a strategy that aims to achieve sustainable profitability.

The Co-operative Bank is largely a residential mortgage lender. In December 2021, 97% of the bank's loan book was composed of secured retail mortgages, with the remainder split between unsecured consumer lending (1%), small and medium-sized enterprise (SME) lending (2%, of which around 40% benefits from full government guarantees).

Most of the legacy corporate lending (around 95%) comprises loans that carry low risk; however, they do not generate sufficient returns (for example, lending to housing associations).

Currently, The Co-operative Bank's stock of problem loans is low, representing 0.7% of gross loans as of December 2021. The problem loan ratio significantly decreased since its 11% peak in 2012 (see Exhibit 4), mainly reflecting the disposal of a portfolio of weak mortgages labelled Optimum.

Exhibit 4
Problem loans have significantly reduced
Problem loans as a percentage of gross loans



Data until 2017 (included) is from The Co-operative Bank plc; data from 2018 (included) onwards is from The Co-operative Bank Holdings Limited.
Source: Moody's Investors Service

High susceptibility of capital to stress

The Co-operative Bank's Capital score is ba1, nine notches below the Macro-Adjusted score of aa1, to reflect our view that the bank remains vulnerable in a stress scenario because of its weak but improving organic capital generation (as also reflected in the ongoing non-compliance with the Prudential Regulation Authority stress capital buffer) and weak leverage.

The Co-operative Bank has high risk-weighted capital ratios. As of March 2022, the bank's Common Equity Tier 1 (CET1) capital ratio was 18.1%, while its total capital ratio was 22.2%[1]. We also calculate a very high tangible common equity/risk-weighted assets (RWA) of 38% as of December 2021 [2].

Capital has improved significantly in recent years, following a recapitalisation plan in 2017 and the disposal of a large portion of legacy assets, which is positive. As of December 2021, The Co-operative Bank reported that it had a 10.6% CET1 requirement and a 14.1% total capital requirement; this implies that bank had a buffer of 11.3 percentage points of RWA over the total regulatory capital minimum requirement, or around £492 million.

Although the capital buffer is high, the bank's capital position remains weak relative to peers but is improving. The Co-operative Bank's capacity to generate profit has improved following the recent rate rises but the bank still remains vulnerable to a stress scenario. Indeed, The Co-operative Bank indicates that it is not in compliance with the undisclosed Prudential Regulation Authority buffer, which sits above the minimum regulatory requirements and whose purpose is to provide additional loss absorbency in a stress scenario.

The Co-operative Bank reported a weak 3.7% leverage ratio as of March 2022, calculated using the guidelines from the Bank of England. This has risen in recent quarters however.

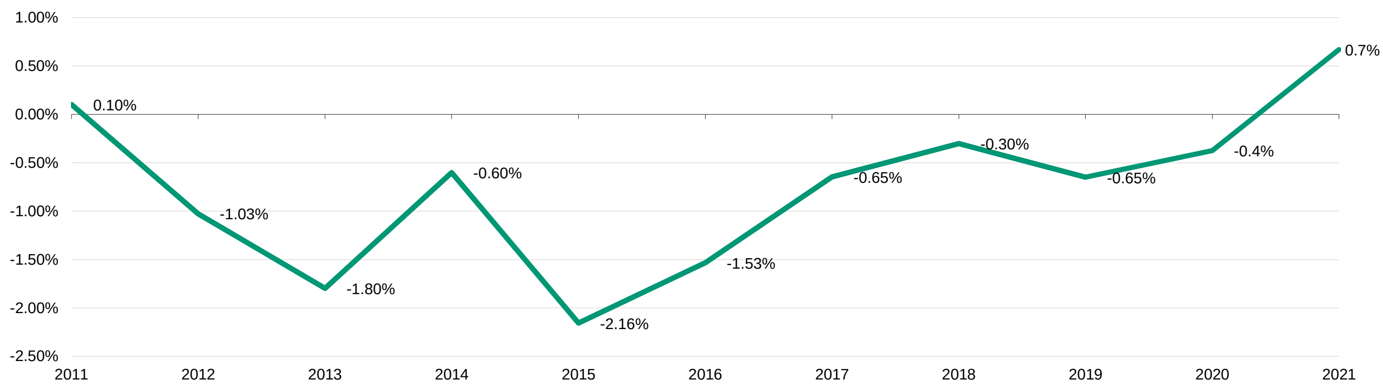
Recovering profitability

We assign a Profitability score of b1 to The Co-operative Bank, in line with the Macro-Adjusted score to reflect our expectation that the bank's profitability will improve from very weak levels in 2022 and into 2023.

Exhibit 5

The Co-operative Bank has just started to report a small profit

Net income/tangible assets as reported by The Co-operative Bank



Data until 2017 (included) is from The Co-operative Bank plc; data from 2018 (included) onwards is from The Co-operative Bank Holdings Limited.
Source: Moody's Investors Service

In 2021, the bank posted £130 million net income returning to profitability with net income to tangible assets of 0.44%. However, this was in large part due to the use of tax loss carried forwards and other deferred tax items. In March 2022, the bank had PBT of £31 mn and net income of £7 million which when adjusted for one off taxation would have meant net income closer to the pre-tax level.

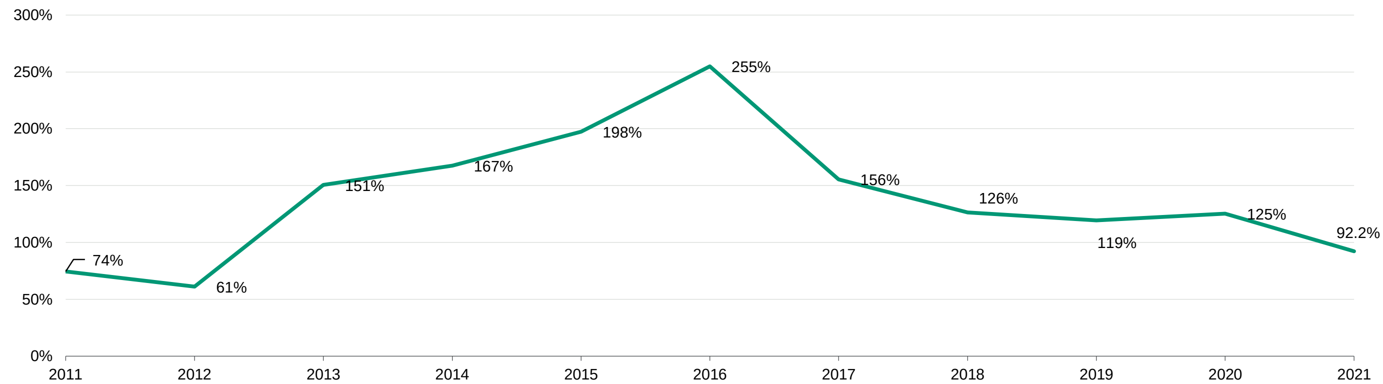
This followed a net loss of £95.7 million in 2020, which compares with a £153.0 million net loss in 2019. The lower loss reflects a substantial reduction in operating expenses (-27% to £397 million), which more than offsets a lower net interest income (-14% to £267 million) and a pandemic-induced spike in loan loss charges (£21.5 million in 2020 compared with £2.5 million impairment gains in the previous year).

We expect the Co-operative Bank's profitability will improve. Given the structure of its balance sheet, BoE rate rises will lead to a pick up in its net interest income as it reprices new lending at higher rates and passes back 50% of rate increases to its depositors. The bank's pre-provision income will be helped by the rate rises while we expect a continued reduction in restructuring costs and in pandemic-related expected loss charges.

Achieving strong sustainable profitability will still be difficult. This is because of the dependence on rapid volume growth in a still-fragile economy; the need to grow the net interest income amid declining margins in the UK residential mortgage business (more than 90% of The Co-operative Bank's loan book); and a high cost base. The bank`s cost of funding is elevated because of the issuance of senior and subordinated bonds by The Co-operative Bank Finance (9.5% coupon for the Tier 2 notes issued in 2019 and 9% coupon for the senior notes issued in 2020). The 250 million issuance to meet the bank's MREL requirement was issued at a 6% annual rate, below the cost of the mooted AT1 issuance.

However the bank`s cost base remains challenged due to a large legacy cost base which is taking time to reach a sustainable level relative to income.

Exhibit 6
Cost base is very high
Cost-to-income ratio



Data until 2017 (included) is from The Co-operative Bank plc; data from 2018 (included) onwards is from The Co-operative Bank Holdings Limited.
Source: Moody's Investors Service

Market access is limited by high funding costs

We assign a Funding Structure score of ba2 to The Co-operative Bank to reflect the challenges the bank faces in accessing the unsecured debt market at average market prices as well as incorporating recent issuances.

The reliance of The Co-operative Bank on wholesale funding however is relatively low; wholesale funding represented 20% of tangible banking assets as of December 2021. The Co-operative Bank is mostly funded through deposits (£21.2 billion as of December 2021, compared with £20.2 billion as of December 2020). Most of these deposits are customer demand savings accounts (£9.5 billion) and current accounts (£6 billion), which have been historically sticky during the liability management exercises in 2013 and 2017. The remaining deposits are from SMEs (£3.5 billion) and term savings accounts (£2.1 billion).

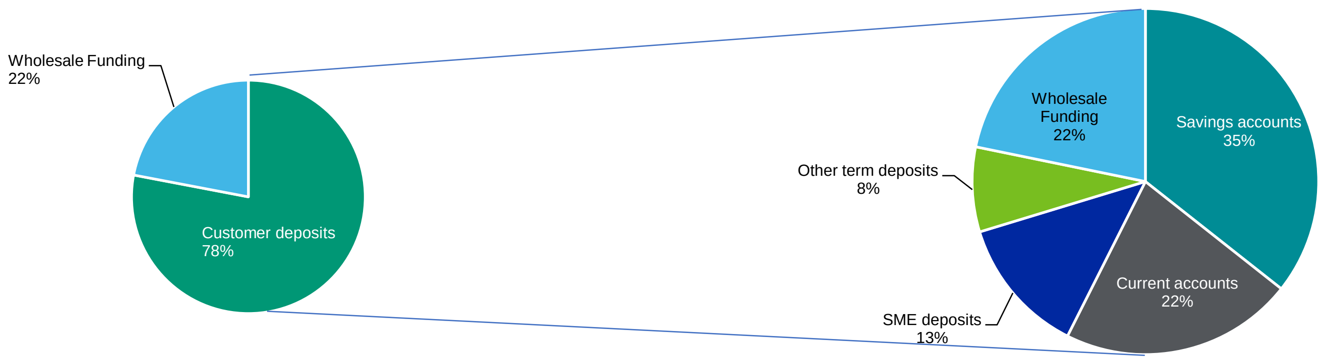
The remainder of The Co-operative Bank's funding as of December 2021 was mainly composed of £5.2 billion drawings from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) - the bank drew additional £1.1 billion under the TFSME scheme in October 2021, ahead of the deadline.

As of December 2021, The Co-operative Bank also had around £0.2 billion residential mortgage-based securities (RMBS), and £0.4 billion repos.

The Co-operative Bank Finance issued a £200 million 10-year Tier 2 bond at a high 9.5% interest rate in April 2019 and a £200 million five-year (callable after four years) senior bond in November 2020, also at a high 9% interest rate.

The Bank of England recently reviewed the MREL requirements for non-systemic banks, including The Co-operative Bank, which will need to comply with the final requirements by 1 January 2023. The Co-operative Bank indicated that, to meet the requirement, they would issue additional tier 1 securities (amount unspecified) by the end of 2022, however it issued senior unsecured MREL instead; we expect that the bank will likely need to continue to offer an interest rate significantly above other UK retail banks, albeit potentially with a lower gap than the previous unsecured issuance when issuing capital/ MREL instruments.

Exhibit 7
The Co-operative Bank is mostly funded through deposits
Funding split as of December 2021



Wholesale funding includes TFSME, covered bonds (matured November 2021) and securitisations, repos, and the Tier 2 instrument issued by The Co-operative Bank Finance. Sums do not fully match due to rounding.
Source: Moody's Investors Service

The Bank of England recently reviewed the MREL requirements for non-systemic banks, including The Co-operative Bank, which will need to comply with the final requirements by 1 January 2023. We expect that the bank will likely need to continue to offer an interest rate significantly above other UK retail banks when issuing capital/ MREL instruments, albeit potentially with a lower gap than the previous unsecured issuance.

The Co-operative Bank has sound liquidity against its limited market funding. The stock of liquid assets was high at 21.2% of the bank's tangible banking assets as of December 2021, which is equivalent to a Macro-Adjusted score of baa1. The assigned score is three notches below the Macro-Adjusted score to reflect our expectation that liquid assets/tangible banking assets will decline slightly as the credit demands increase and the bank stock of loans grows, and that a portion of assets that we classify as liquid are encumbered.

In December 2021, the balances with the Bank of England, gilts, and liquid government and bank bonds were £4.1 billion. In addition, The Co-operative Bank had £3.7 billion of other liquid assets (£0.4 billion) and contingent liquidity (£3.3 billion). In 2021, the bank's stock of liquid asset remained high; at the same time, £280 million cash and balances at central banks £368 million investment securities are encumbered.

The Co-operative Bank reported a 242% liquidity coverage ratio as of December 2021.

Largely monoline business

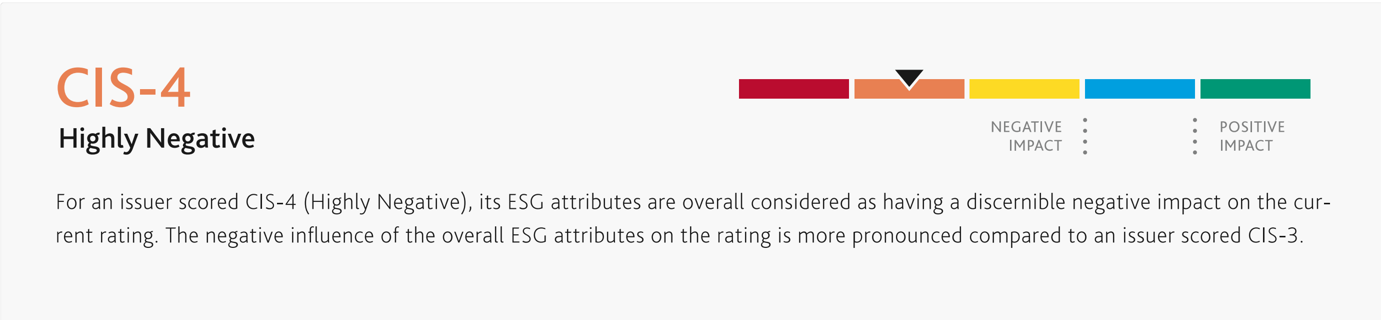
The Co-operative Bank's Financial Profile score is ba1.

We apply a negative qualitative adjustment to reflect the lack of business diversification and another adjustment for corporate behaviour to reflect the challenges the bank still has in developing a sustainable business model nd has experienced numerous management changes. Although The Co-operative Bank provides a series of products to its retail clients, more than 90% of the bank's loan book is composed of residential mortgages. The remainder of the bank's loan book is composed of loans to SMEs and a small unsecured loan book.

ESG considerations

THE CO-OPERATIVE BANK FINANCE P.L.C.'s ESG Credit Impact Score is Highly Negative CIS-4

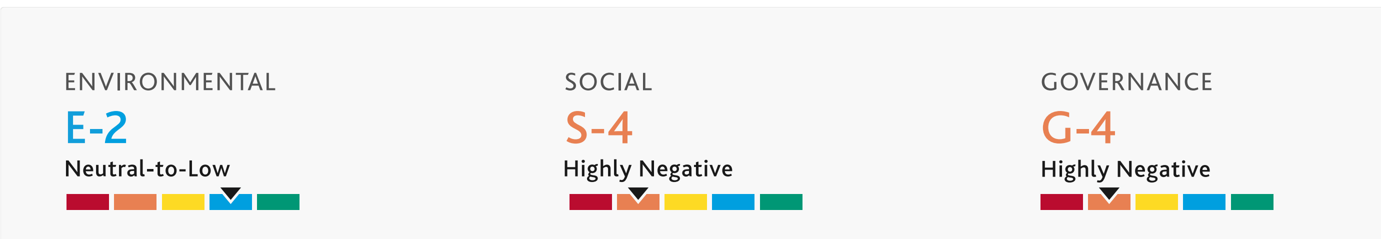
Exhibit 8
ESG Credit Impact Score



Source: Moody's Investors Service

The Co-operative Bank's ESG Credit Impact Score is highly negative (**CIS-4**), reflecting the negative rating impact of the bank's high governance risks, incorporated in the one-notch negative adjustment for corporate behaviour. The negative governance assessment reflects the lack, at present, of a sustainable business model. Environmental and social factors have a limited impact on the rating.

Exhibit 9
ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

The Co-operative Bank faces low environmental risks. The banks has limited exposure to carbon transition because its loan book is predominantly comprised of retail mortgages.

Social

The Co-operative Bank faces high industrywide social risks from customer relations: regulatory risk, litigation exposure and high compliance standards, as well as cyber risk and the financial and reputational implications of data breaches. The group also faces industrywide moderate social risks related to potential competition from technological firms and other disruptors.

Governance

The Co-operative Bank's governance risks are high. This is because the bank lacks, at present, a sustainable business model and has experienced numerous management changes. In addition, the shareholder structure of The Co-operative Bank, with voting rights concentrated amongst a few hedge funds and buy side firms, could lead to imprudent risk practices and limited independence of the Board, despite the majority of board members being officially independent and approved by the regulator. However, to date we do not have concerns regarding the true independence of The Co-operative Bank's board or the de-risking strategy they have pursued; furthermore, the bank's current risk framework and capital and liquidity management are consistent with The Co-operative Bank's simple business model and in line with industry best practice.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

The Co-operative Bank is subject to the UK's implementation of the European Union Bank Recovery and Resolution Directive, which we consider an operational resolution regime.

Our advanced LGF analysis assumes a residual tangible common equity of 3%, post-failure losses of 8% of tangible banking assets, a 25% run-off in junior wholesale deposits and a 5% run-off in preferred deposits. These assumptions are in line with our standard assumptions. Particularly for The Co-operative Bank and other retail-funded banks in the UK, we assume the proportion of deposits considered junior at 10%, relative to our standard assumption of 26%, because of the bank's largely retail-oriented depositor base.

Our forward-looking LGF analysis indicates that The Co-operative Bank's deposits are likely to face a low loss given failure, driven by the residual equity that we expect in a resolution scenario, the recent issuance from the holding company, the volume of deposits themselves, and our expectation that it will grow its assets only moderately. As a result, deposits receive a one-notch uplift relative to the bank's BCA.

For the holding company's senior unsecured debt, our LGF analysis shows a moderate loss given failure, resulting in no uplift from the bank's BCA. This is because we expect the volume of senior unsecured and subordinated debt issued by the holding company to remain broadly stable as the bank's grows its assets only moderately.

We expect The Co-operative Bank to issue additional MREL-eligible debt, which could reduce loss given failure for the bank's depositors and for the Co-operative Bank Finance's bondholders. Nevertheless, the issuance plan is still uncertain because the regulation for medium-sized banks in the UK may change. Therefore, we do not incorporate future issuances in the advanced LGF analysis.

Government support considerations

There is a low likelihood of government support for The Co-operative Bank's wholesale deposits and for the debt issued by The Co-operative Bank Finance in the event of its failure, resulting in no uplift.

This probability reflects the bank's low market share in the UK market and its non-systemic nature compared with the country's largest banks, as well as the loss-absorbing nature of the debt issued by holding companies.

Counterparty Risk (CR) Assessment

The Co-operative Bank's CR Assessments are Baa3(cr)/Not Prime(cr)

The long-term CR Assessment is three notches above the bank's BCA of baa3. The uplift results from the buffer against default provided to the operating obligations by the residual equity that we expect in resolution, by the debt issued by The Co-operative Bank Finance, by our expectation of additional debt issued by The Co-operative Bank Finance, by deposits and by our expectation that The Co-operative Bank's assets will grow only moderately in the next two years. The long-term CR Assessment does not include any further uplift from our expectation of a low probability of government support. The main difference from our Advanced LGF approach that is used to determine instrument ratings is that the CR Assessment captures the probability of default on certain senior obligations, rather than the expected loss. Therefore, we focus purely on subordination and do not take the volume of the instrument class into consideration.

Counterparty Risk Ratings (CRRs)

The Co-operative Bank's CRRs are Ba1/Not Prime

The long-term CRRs are two notches above the bank's BCA of ba3. The uplift derives from the buffer against default provided to the operating obligations by the residual equity that we expect in resolution, by the debt issued by The Co-operative Bank Finance, by our expectation of additional debt issued by The Co-operative Bank Finance, by deposits and by our expectation that The Co-operative Bank's assets will grow moderately in the next two years. The long-term CRRs do not include any further uplift from our expectation of a low probability of government support.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from what suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 10

The Co-operative Bank Holdings Limited

Macro Factors		
Weighted Macro Profile	**Strong +**	**100%**

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	1.0%	aa3	↔	a3	Expected trend	Operational risk
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	38.1%	aa1	↔	ba1	Stress Capital resilience	Nominal leverage
Profitability						
Net Income / Tangible Assets	0.4%	ba1	↔	b1	Expected trend	
Combined Solvency Score		a1		baa3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	20.2%	baa1	↔	ba2	Lack of market access	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	21.2%	baa1	↔	ba1	Asset encumbrance	Expected trend
Combined Liquidity Score		baa1		ba2		
Financial Profile				ba1		
Qualitative Adjustments				Adjustment		
Business Diversification				-1		
Opacity and Complexity				0		
Corporate Behavior				-1		
Total Qualitative Adjustments				-2		
Sovereign or Affiliate constraint				Aa3		
BCA Scorecard-indicated Outcome - Range				ba2 - b1		
Assigned BCA				ba3		
Affiliate Support notching				0		
Adjusted BCA				ba3		

Balance Sheet	**in-scope (GBP Million)**	**% in-scope**	**at-failure (GBP Million)**	**% at-failure**
Other liabilities	6,841	23.4%	8,071	27.6%
Deposits	21,136	72.2%	19,656	67.2%
Preferred deposits	19,022	65.0%	18,071	61.8%
Junior deposits	2,114	7.2%	1,585	5.4%
Senior unsecured holding company debt	200	0.7%	450	1.5%
Dated subordinated holding company debt	200	0.7%	200	0.7%
Equity	878	3.0%	878	3.0%
Total Tangible Banking Assets	29,255	100.0%	29,255	100.0%

Debt Class	**De Jure waterfall**		**De Facto waterfall**		**Notching**		**LGF Notching Guidance vs. Adjusted BCA**	**Assigned LGF notching**	**Additional Notching**	**Preliminary Rating Assessment**
	Instrument volume + subordination	**Sub-ordination**	**Instrument volume + subordination**	**Sub-ordination**	**De Jure**	**De Facto**				
Counterparty Risk Rating	10.6%	10.6%	10.6%	10.6%	2	2	2	2	0	ba1
Counterparty Risk Assessment	10.6%	10.6%	10.6%	10.6%	3	3	3	3	0	baa3 (cr)
Deposits	10.6%	5.2%	10.6%	5.2%	1	1	1	1	0	ba2

Instrument Class	**Loss Given Failure notching**	**Additional notching**	**Preliminary Rating Assessment**	**Government Support notching**	**Local Currency Rating**	**Foreign Currency Rating**

Counterparty Risk Rating	2	0	ba1	0	Ba1	Ba1
Counterparty Risk Assessment	3	0	baa3 (cr)	0	Baa3(cr)	
Deposits	1	0	ba2	0	Ba2	Ba2

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 11

Category	Moody's Rating
THE CO-OPERATIVE BANK PLC	
Outlook	Stable
Counterparty Risk Rating	Ba1/NP
Bank Deposits	Ba2/NP
Baseline Credit Assessment	ba3
Adjusted Baseline Credit Assessment	ba3
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
THE CO-OPERATIVE BANK FINANCE P.L.C.	
Outlook	Stable
Issuer Rating	B1
Senior Unsecured -Dom Curr	B1
ST Issuer Rating	NP

Source: Moody's Investors Service

Endnotes

1 The Co-operative Bank uses the Internal Ratings-Based (IRB) approach to calculate credit risk for its capital requirements.

2 Our tangible common equity ratio is significantly higher than the bank's reported CET1 ratio. This is mainly because our tangible common equity includes the £485 million reserves recognised following the separation of The Co-operative Bank's pension scheme from that of The Co-operative Group. If we exclude the reserves, our tangible common equity ratio as of December 2021 would be around 27%; this compares with a CET1 ratio of 20.7% as of the same date.

REPORT NUMBER 1331143

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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